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IV. INTERNATIONAL ECONOMIC CO-OPERATION FOR DEVELOPMENT

Addendum

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"The document as presented to the twenty-third session of the Joint Advisory Group constituted a framework for ITC's technical co-operation activities under the United Nations Medium-Term Plan and could be forwarded to New York for such purpose. Several members of the Group stressed that the document did not adequately reflect the priorities of the Centre. These members also wanted areas of development priority, including the needs of LDCs, rural development, women in development, human resource development and environmental aspects, to be more fully integrated in a cross-programmatic manner in the MTP. As requested by several members of the Group, the Centre would undertake an analysis of needs by region in consultation with both the developing countries and the Centre's donor community, on the basis of which the Centre's medium-term priorities would be worked out. The Centre would report on the result of these consultations to the Joint Advisory Group at its twenty-fourth session."

Source: Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT at its Twenty-Third Session (ITC/AG(XXIII)/122).

IV. INTERNATIONAL ECONOMIC CO-OPERATION FOR DEVELOPMENT

Programme 15: INTERNATIONAL TRADE

Part I

(a) General orientation and objectives

1. The International Trade Centre UNCTAD/GATT (ITC) was founded under the auspices of the General Agreement on Tariffs and Trade (GATT) in March 1964, and has been a joint undertaking of the United Nations Conference on Trade and Development (UNCTAD) and GATT since January 1968. It functions as the United Nations system's focal point for technical co-operation activities in trade promotion (United Nations Economic and Social Council Resolution 1819 (LV) of August 1973). In carrying out its mandate, ITC had developed by the late 1980s an expanding technical co-operation programme, consisting of interregional, regional and national technical assistance projects in over 50 developing countries.

2. The medium-term plan will be implemented in a changing world environment as a result of a number of important developments in international trade-related issues. In the early 1990s, the Uruguay Round of multilateral trade negotiations will have been concluded, introducing a broad range of changes in the trade policy framework and practices; a single market will have been created in the EC; and the North American bilateral trade agreement will be fully operational. During the same period, the market orientation of Eastern European countries will have intensified. Similarly, subregional preferential trading arrangements among developing countries will have been more firmly established and the Second Window of the Common Fund for Commodities will be fully operational. The structural adjustment process in developing countries can be expected to gain momentum and new growth poles in the world economy will emerge as a result of rapid industrialization in certain countries. On the other hand, the heavy debt burden of many developing countries will continue to be an area of major concern in the 1990s, and many developing countries, particularly LDCs, will continue to face serious difficulties despite favourable global developments.

3. Some of these changes in international trade-related issues will most probably have a positive impact on the development and external trade of developing countries, while some others will have an adverse influence on their export prospects. All these will, to the extent possible, have to be taken into account in the implementation of the MTP. ITC's assistance will be directed toward reinforcing the positive and offsetting the negative impact of these changes in the world trade environment.

4. It is difficult to project the exact nature of the future implications of these extremely complex and evolving global issues on international trade, let alone on the needs of developing countries for technical co-operation with ITC. At this stage, only some general trends and likely outcomes are discernible; these are briefly outlined below.

5. The end result of the conclusion of the Uruguay Round, creation of a single EC market, movements in Eastern Europe towards market orientation and intensification of the structural

adjustment process in developing countries may be expected to be a growth in world trade, assuming that the overall expansion of the world economy will be sustained in the 1990s. Although the share of Eastern European countries in total world trade may initially decline, this should rise considerably in later years, offering new market opportunities to developing countries. Intraregional trade may expand more rapidly than interregional trade owing to the possible trade diversion effects of various preferential trading arrangements at regional level. Such arrangements among developing countries should offer new opportunities for increased South-South trade, but they will also require a major effort by developing countries to adjust and adapt their export products to new and higher product standards and to stiffer competition on the market. Continued expansion in economic development and trade in Pacific Rim countries should likewise lead to increased trade opportunities for developing countries. These favourable developments will, however, be at least partly offset by the developing countries' heavy debt payments and by low commodity prices. The establishment of the Common Fund for Commodities and the operation of its Second Window may bring only partial relief to the balance-of-payment difficulties of commodity-exporting developing countries as price fluctuations, changes in international consumption patterns, irregular supplies and lack of successful commodity agreements will create serious hardships. The debt burden of developing countries will reduce the level of resources at their disposal for development and will oblige them to place greater emphasis on the export orientation of their economies. In any case, it seems certain that the expansion in trade will be accompanied by increased competition among a large number of progressively export-oriented countries.

6. Under these circumstances, developing countries, with support from ITC, will have to develop and implement more sophisticated and aggressive marketing strategies, expand their marketing efforts significantly, arm themselves with more accurate and up-to-date information on market requirements and opportunities, improve and adapt the quality standards of their exportable products, make their policy environments more conducive to export development and promotion, and strengthen their institutions providing support to their export promotion efforts. As a result, there will be increasing demand for technical co-operation with ITC in training in business management, marketing and purchasing, and capital investment and know-how.

7. The complex export and market development situation facing developing countries in the 1990s will require strengthening of the international technical co-operation programme. ITC will contribute to this programme under its wide range of responsibilities in trade promotion and export development through its eight subprogrammes.

8. In the MTP, the subprogrammes and their elements have been designed to complement each other, reinforcing their effects with respect to: expansion of export capacity (supply side), market development (demand side), improving the overall economic policy environment, and institutional support to trade promotion.

9. On the supply side, some elements of subprogramme 3 (export project development, costing and pricing; export packaging; and export quality management) as well as many activities undertaken under subprogramme 2 (post-harvest handling, product adaptation, design, etc.) have been closely integrated to reinforce their effects on the development of export capacity. Similarly, certain elements and activities of subprogramme 2 (basic research on international trade environment and consumption patterns, market research, direct market promotion, trade information and market intelligence, international physical distribution) and some elements of

subprogramme 3 (trade promotion communication, national commercial representation, export-oriented joint ventures, etc.) as well as the subprogrammes on commodities, complement each other on the demand side to develop, expand and diversify export markets for developing countries. Subprogramme 5, which deals with human resource development, and subprogramme 1 support virtually all aspects of trade promotion by upgrading skills and training and by creating and/or strengthening the required institutional and policy environment in developing countries. Some of the elements of subprogramme 3, namely export packaging and export quality management, also contribute to institutional strengthening in their respective fields. Subprogramme 7 supports, as a catalyst, all other ITC activities for LDCs. Subprogramme 6 on import operations and techniques complements all other ITC activities in as much as it also contributes to the improvement of the balance-of-payment positions of the countries concerned.

10. Subprogramme 1 **(Institutional infrastructure for trade promotion and export development at the national level)** will focus on the improvement of the overall institutional framework for trade promotion and export development. This will be attained by strengthening existing institutions, reallocating responsibilities when and as appropriate, and improving co-ordination mechanisms that will enable these institutions to operate within a more efficient environment. Special emphasis will be given to the improvement of the overall export framework and climate which, once achieved, should lead to a more efficient export promotion and development system. Attention will be given to the development of effective links between the policy framework and the institutional infrastructure for policy implementation and to the establishment of close relationships between the business community and promotional bodies. During the 1992-1997 MTP period, the subprogramme will continue to expand its scope to a broader range of organizations charged with the development and promotion of trade, including specialized national support service institutions and regional organizations dealing with export matters. The ultimate beneficiaries of the subprogramme, however, will be the export-oriented business enterprises which may be assisted directly or through the support services of national institutions.

11. Subprogramme 2 **(Product and market research, development and promotion)** will carry out research on, and monitor world market opportunities for, traditional as well as non-traditional products including technical consultancy services. It will also deal with measures to improve product/market development and penetration efforts, and to strengthen the competitive position of developing-country exporters. The measures to be adopted will take into account the changes in international trade and the marketing environment likely to take place during the 1990s in the wake of various developments, particularly the expanded EC single market, ongoing reforms in the economic/trading policies of Eastern European countries, and expanding markets and trade-oriented competitive centres in the Pacific Rim. The subprogramme has three elements: trade information and market intelligence; product and market development and promotion, which also cover technical consultancy services; and international physical distribution of goods. These three subprogramme elements are, of course, closely interrelated, and the export development of any product or technical consultancy service would require inputs from each of them to achieve optimum impact.

- **Trade information and market intelligence.** Trade information is essential to facilitating, and possibly even permitting, the promotion of exports and the rationalization of imports. The subprogramme element will aim at increasing awareness of relevant information sources

and at raising the cost-effectiveness of tools and methods for data collection, processing and dissemination through all possible means, including optimal use of commercial representation abroad and modern data processing and communication technologies. In specific areas, such as information on trade contacts, trade statistics and market prices of selected commodities, ITC will play a direct role as information supplier and will answer inquiries from developing countries. Exchanges of data and experiences in areas of common interest will be fostered at the regional and interregional levels. Advisory and training activities will be organized with a view to establishing trade information systems and at ensuring optimal efficiency and continuity of these systems in line with government priorities and users' requirements.

- **Product and market development and promotion.** Technical co-operation and other activities under this subprogramme element will cover all steps in export development, including economic research; assessment of export potential; market research and preparation of appropriate export marketing and market development strategies; dissemination of findings and the recommended strategies; identification of production and product adaptation requirements; and market penetration and promotion for clearly identified products, traditional, non-traditional and new, including technical consultancy services. Research activities will cover, among others aspects, international demand and supply patterns; changes in the world trade environment leading to identification of new opportunities for export products and consultancy services from developing countries; testing of actual market opportunities and market penetration constraints affecting new products and emerging technologies; innovative approaches to marketing; South-South trade and regional integration schemes; trade data analysis at enterprise level; and development of data bases of relevance to exporters from developing countries. Technical co-operation in the area of trade in consultancy services will also have to expand, providing impetus to ECDC and TCDC. The design and implementation of all these activities will take into account the priorities set by developing countries in the trade context of the 1990s. Activities related to integrated assistance at the enterprise level are likely to expand further during the MTP period as a means of enhancing the competitiveness of enterprises.

- **International physical distribution (IPD).** The subprogramme element will concentrate on disseminating to trade promotion institutions and enterprises engaged in export and import operations the basic information they require for planning IPD operations for their export and import goods. The idea is to develop in each case the most effective and cost-efficient IPD strategy, covering modes of transport, handling, warehousing, trade documentation and transport formalities. Attention will be given to the IPD chain best suited for specific types of products of particular interest to developing countries, on specific routes. Information and technical co-operation on these subjects will be provided through dissemination seminars, advisory services, publications and computerized data bases.

12. Subprogramme 3 (**Specialized national trade promotion services**) will deal with measures to improve trade-related support services capable both of assisting government authorities in their planning and implementation of trade promotion strategies and policies, and of helping producers/exporters in adapting their products to international market requirements. In many developing countries, exports other than basic commodities originate in small and medium-sized enterprises (SMEs) unable to develop or buy specialized support services. These services will therefore have to be created or expanded and placed at the disposal of SMEs. The subprogramme will address such problems as inadequate product quality or packaging; poorly

prepared export projects; excessive costs of export products; and inappropriate participation in, and follow-up to, fairs and exhibitions. The subprogramme consists of nine elements, as described below.

- **Export packaging.** The main problems addressed will be the lack of awareness of the crucial role of packaging in the export trade, and lack of knowledge of quality, design and labelling regulations, distribution and materials handling methods, and consumer preferences. The subprogramme element will promote measures to improve government support for the packaging industry. Attention will be given to the provision of information, research and training programmes.

- **Export finance services.** Central banks are insufficiently involved in the mobilization of export finance at the level of commercial banks, and development banks are not concerned to the degree required with encouraging the development of export-oriented industries. The subprogramme element will promote measures to improve co-ordination among banks to reactivate non-performing export industries. Attention will be given to export credit guarantee and insurance systems protecting exporters against non-payment risks. Support services will be provided to exporters on export procedures and documentation, and foreign customs and exchange regulations.

- **Export project development, and export costing and pricing.** The subprogramme element will aim at enhancing understanding and application of sound management and cost accounting and pricing principles in regard to export products. In new export projects, attention will be given primarily to improving professional knowledge of aspects that have to be covered in export-opportunity or feasibility studies: production costs, market opportunities and conditions, calculation of potential profitability, and contribution to the national economy. Training programmes will be improved. The subprogramme element will also aim at improving the availability of data on export markets to facilitate the carrying out of opportunity and feasibility studies.

- **Trade promotion communications.** TPOs, policy-makers and budgetary authorities do not fully appreciate the value of cost-effective trade promotion communications; planning of communications activities is poor; and specific objectives for these activities are lacking. The subprogramme element will pay attention to the need to improve knowledge of evaluation techniques and to strengthen weak institutional structures to enable TPOs to plan and implement effective communications activities; it will also seek to increase professional knowledge among public officials responsible for trade promotion communications. The subprogramme element will support measures enhancing the professional skills of private-sector communications practitioners; at the enterprise level, it will widen understanding of the need for, and role of, effective communications.

- **National commercial representation abroad.** At the policy and planning level, the subprogramme element will aim at strengthening political commitment to, and enlarging understanding of the importance of, trade promotion and the trade representation service. At the organizational level, attention will be paid to the need for providing adequate guidance to overseas posts and the necessity for backstopping at headquarters. The subprogramme element will contribute to the creation of administrative procedures and the strengthening of co-ordination among government agencies concerned with foreign trade matters. At the

operational level, the subprogramme element will emphasize: improvement of funding, trade promotion programming, budgeting, control and evaluation, office management, and communications systems. It will also aim at improving the collection, analysis and dissemination of trade information, and at enhancing working relationships with the business community in both home and host countries. Particular attention will be paid to training commercial representatives (including diplomats with commercial responsibilities).

- **Export-oriented joint ventures.** Developing-country enterprises often lack easy access to home agencies promoting joint ventures, to the country's overseas commercial representatives, and to chambers of commerce and investment promotion services abroad. Time and resource pressures prevent small and medium-sized enterprises from undertaking exploratory visits to identify joint-venture partners. The subprogramme element will focus on the export marketing dimension of joint ventures. Mechanisms for the establishment of needs for joint ventures and for identifying potential partners will be developed and attention will be given to the requirements of medium-sized firms looking for contractual forms of co-operation.

- **Export quality control.** The subprogramme element will aim at improving knowledge in developing countries of the quality standards, specifications and technical regulations of importing countries, as well as knowledge of standards established mainly for health and environmental considerations by WHO, FAO, UNEP, ISO, EEC and national control agencies. Attention will be given to the need for adequate equipment for inspection or certification.

- **Exports of SMEs.** National strategies to develop SME exports with clear objectives and co-ordination mechanisms needed to achieve these objectives are often lacking. The subprogramme element will focus on the difficulties and needs of SMEs and on the improvement of channels of communication between service institutions and SMEs. As access by SMEs to export financing tends to be costlier than for larger firms, the subprogramme element will help SMEs to identify sources of assistance for product development and export marketing. Where indirect export channels, such as trading houses, are missing, the marketing effort itself will need to be strengthened. Training facilities for export management in areas where SMEs are concentrated will be supported.

- **Legal aspects of international trade.** Developing countries lack information on the complex legal framework governing international trade, which is a major disadvantage in a world trading environment characterized by increasing competition. The subprogramme element will therefore emphasize improved information on internationally agreed rules for trade relations such as the GATT Codes resulting from the Multilateral Trade Negotiations (MTN).

13. Subprogramme 4 **(Commodity trade, development and promotion).** Owing to the high dependence of most developing countries on commodity production and exports, the commodity sector's poor performance has held back the growth of GNP, and investment and fiscal revenues in these countries. It has also adversely affected the well-being of their populations, particularly those in the rural areas. Various demand factors (the low rate of growth of demand in major importing countries, the negative impact of technological and structural change, and the comparatively high levels of consumption of food and tropical beverages already attained in

industrialized countries) and supply factors (macro-economic policies of commodity-producing countries, substantial agricultural support in developed market-economy countries, and the pressure on developing countries to expand exports in order to meet their debt-service commitments) have contributed to the poor performance of the commodity sector. Monetary factors such as exchange-rate instability and high interest rates may also continue to have an adverse influence on commodity trade and prices. The overall objective of the subprogramme will be to expand the participation of developing countries in the diversification, processing, marketing and distribution of commodities, resulting in increased economic activities and employment in these countries, better utilization of their natural resources, and higher returns on commodity exports. This subprogramme is also important from the viewpoint of rural-based export development, the LDCs and TCDC.

14. Subprogramme 5 (**Human resource development for trade promotion**) aims at building national training capacities to enable developing countries to cope effectively with the increasing complexity of international business operations. Particular attention will be paid to problems resulting from the lack of awareness at senior government levels of the need for devoting appropriate resources over the long term to human resource development for trade promotion and export development. The subprogramme will promote measures to improve the managerial capacity and flexibility of training institutions in regard to the identification and satisfaction of the training needs of the export community, and to strengthen their commitment to the allocation of resources for these purposes over the long term. Attention will be given to developing training materials adapted to the needs of developing countries and to enlarging their capacities for collecting the ever-increasing and changing information on existing training facilities and on possibilities for exchange and co-operation. The subprogramme will also initiate measures to expand the capacity of national and subregional training institutions for providing the required training and for increasing the number of trainers able to organize training programmes professionally. All activities will emphasize the training of businesswomen involved in trade. Similarly, training needs in environment-related issues will be taken into account.

15. Subprogramme 6 (**Import operations and techniques**) will deal with issues arising from the continued substantial dependence on imports of many developing countries and with the problems brought about by the scarcity of foreign exchange resources. Global trends towards liberalization of international trade, market orientation and deregulation will be fully taken into account. Among the problems the subprogramme will address are those related to streamlining cumbersome import procedures, inappropriate organizational structures, insufficient external and internal information for import planning and supply management, lack of skilled personnel and limited availability of import support services. The programme will also attempt to create better awareness of the role of purchasing and materials management in saving foreign exchange.

16. Subprogramme 7 (**Special programme of technical co-operation with the least developed countries**) will address problems arising from a narrow production base for export (which restricts the LDCs' export development and trade promotion efforts to a limited range of products, of which many are commodities) as well as from policy frameworks that are insufficiently oriented to export and trade development. It will also deal with issues related to the shortage of financial and technical resources provided to export development and trade promotion bodies in LDCs, which continues to restrain the growth of support services at government and business levels. Furthermore, the subprogramme will contribute to the

expansion of market penetration efforts for products in which LDCs have a comparative advantage but production of which is also increasing in other developing countries possessing similar ecological and production opportunities. Rural export development is a major area of concern for the subprogramme.

17. Subprogramme 8 **(Technical co-operation with chambers of commerce and other business organizations)** will encourage measures to improve the organizational structure, facilities, promotional skills and experience of chambers of commerce and other business organizations in developing countries with a view to increasing their capacity for offering effective services in trade promotion to the business community. Perception by chambers of their role in national trade development programmes, especially trade promotion, will need to be sharpened. The subprogramme will strengthen co-operation between chambers in developing countries at the subregional, regional and interregional levels, and between chambers in developing and developed countries. Co-operation will also be extended to other business sector organizations such as exporters' associations, exporters' foundations and industrial associations particularly concerned with export development and promotion.

18. The developmental impact of the ITC programme in the 1990s will also depend on progress made on a number of issues with which the ITC programme was increasingly concerned in the late 1980s:

- **Special assistance to the least developed countries.** Each of the above eight subprogrammes had evolved by the late 1980s a strong focus on activities seeking to accelerate the development process in LDCs. Over 25 LDC-related country and regional multi-disciplinary technical co-operation projects (accounting for over 30 per cent of the ITC programme) were under implementation by early 1990. This focus will intensify during the 1990s, and ITC will be expected to play a significant role in international development efforts on behalf of LDCs. Initiatives will continue to be directed towards expanding these countries' production base for export in close co-ordination with the international agencies concerned with production development. All MTP subprogrammes will place a special emphasis on support to LDCs.

- **Expansion of trade and technical co-operation among developing countries.** This has been a major concern of all ITC subprogrammes in recent years. Regional and subregional groupings in all developing continents are focusing attention on integrating national economies through, *inter alia*, increased intraregional trade. ITC will continue to support these efforts strongly in the 1990s, especially through supply and demand surveys.

- **Rural export development.** This will remain an area of major concern to ITC. The ITC programme in this field is expected to continue to be directed mainly to the export development of agro-based and other products with a heavy impact on the rural sector. The emphasis will be on wider application in developing countries of imaginative rural development schemes, such as export villages, aiming at the integrated development of exports and export-related services at the village level, to enable rural populations to contribute to the national export effort while improving their living and working environments.

- **Improvement of the contribution of women to development.** This is another issue of major interest to ITC in view of the fact that women workers in most developing countries constitute an important actual and latent factor in development The ITC programme in this area will seek to provide export development support to industries depending heavily on the female work force and to groups of women entrepreneurs to enable them to play a stronger across-the-board catalytic role in enhancing the contribution of skilled women to export development and trade promotion. This issue will be a matter of concern in all subprogrammes.

- **Environmental aspects of trade.** Under subprogramme 2, ITC started implementing a number of environment-related technical co-operation projects in the late 1980s with a view to exploring and promoting the export opportunities for equipment powered by ecologically clean non-conventional sources of energy and products and equipment used for environmental and health protection. This activity will be continued and further expanded on the basis of experience gained. In addition, ITC is promoting trade in products produced from plants used in anti-desertification and land erosion schemes. More recently under subprogramme 3, ITC also started to assist developing country exporters to meet increasingly demanding environmental protection regulations in international trade. In this area ITC will assist the export sectors in developing countries to keep adequately informed about changing international regulations and quality control measures related to the environment. Information on imports by developing countries of environmentally hazardous and domestically prohibited goods will also be monitored.

- **Export of services.** This will play an increasingly important role in international trade. Activities related to services have the largest share in national employment and production in both developed and developing countries. GATT estimates[1] world exports of commercial services at $560 billion in 1988 - a value roughly equal to trade in food and fuels combined. Its growth rate has outstripped expansion in merchandise trade for most of the period 1980-1988. At its twenty-second session, the Joint Advisory Group recommended that "the Centre should examine with its parent bodies the type of assistance that it could provide to developing countries for the export of services traded internationally". Subject to discussion with GATT and UNCTAD, this element should be included in the work programme of ITC.

19. The issues described above cut across and are common to most subprogrammes. The particular manner in which they are taken into account in each subprogramme are explained in greater detail in sections of Part II.

(b) Strategy for the period

20. The medium-term plan will be implemented in a changing world environment which will have a profound effect on the trade-related policies, attitudes and practices of developing countries. ITC will have to make constant adjustments in its strategies and programmes to enable

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1 Source: GATT, *International Trade 88-89*, (Geneva, 1989), vol. I, p.5.

it to meet the needs of developing countries as they evolve in response to, and because of, such developments. In particular, as part of the MTP strategy, ITC will do the following:

- Research and monitoring capability at ITC will be expanded adequately to follow, monitor and disseminate information on the implications of key global development issues such as the creation of a single European market by 1992 and the Uruguay Round for technical co-operation in trade promotion.

- In order to provide a coherent frame of reference for its technical co-operation activities at national, subregional and regional levels, ITC will develop regional strategies. These will take into account trade promotion issues of common concern to developing countries in a particular region, as proclaimed at various regional forums, and will identify regional and subregional technical co-operation needs. To formulate the regional strategies, teams consisting of ITC staff and consultants from the regions concerned will be established. The teams will utilize the services of ITC advisers in the field and will benefit from the assistance of, and information from, regional and subregional organizations and intergovernmental bodies.

- Programme and project development capability will be strengthened in order to maintain the relevance of ITC's technical co-operation activities to the specific and most pressing needs of developing countries. For this purpose, comprehensive sectoral studies will be undertaken whenever feasible and desirable to determine technical co-operation needs within a broad national or regional context. Individual projects will be formulated with such a comprehensive view in mind. This approach will be necessary particularly on account of expected policy reforms for structural adjustment in many developing countries.

- Integrated projects comprising packages of interdisciplinary assistance will be formulated in order to ensure that support to developing countries covers all the key elements required for sustainable export development and to maintain the desired linkages among project components. ITC will also continue the practice of implementing mono-disciplinary projects in certain selected areas such as export packaging in cases where this is found to be the most desirable approach.

- The technical and substantive backstopping capability at ITC will be expanded in line with the priority areas of the MTP.

21. As it enters the 1990s, ITC is equipped with a multi-disciplinary technical research and development capability and an extensive infrastructure of technical co-operation projects in developing countries. This capability is at the disposal of governments and focuses on enabling export sectors in developing countries to keep abreast of changes in the world trade environment. Rapid technological advances and constantly evolving market conditions have made the monitoring of trade opportunities a basic condition for the economic survival of nations. The development of ITC's technical research and development capabilities is profoundly linked with its technical assistance at the national, subregional, and regional levels. It is this linkage that has enabled ITC to develop a service capability at headquarters that is attuned to the vital trade development issues being pursued by governments and business communities in developing countries.

22. ITC's receptivity to the evolving needs and trade development strategies of developing countries, and to ongoing and impending changes in world trade conditions, and its ability to identify and disseminate information on resulting trade opportunities for developing countries, will determine its relevance to the trade development efforts of developing countries in the 1990s. ITC's function of monitoring world trade conditions assumed added urgency in the late 1980s when policy commitments in developing countries to export development and trade promotion intensified with stringencies in international liquidity and as the world revolution in mass communication technologies simplified the conveyance of trade information. ITC's institution and service-building efforts, begun in the late 1960s, appeared in the late 1980s to have brought about a state of institutional readiness in a number of developing countries, thus ensuring better utilization of ITC's trade monitoring capabilities at the national level. Dissemination of trade information at the level of export enterprises, a task which in earlier years seemed to be beyond ITC's capacities, emerged in the latter part of the 1980s as a necessary and practicable undertaking in most countries being assisted through integrated technical co-operation projects.

23. Parallelling its efforts in the export sector, ITC has prepared itself to base, in the 1990s, a major part of its technical co-operation activities in import management on the development of better networks for the conveyance of trade intelligence on sources of supply, and on advising and training the officials concerned on more efficient utilization of this information. It is thus expected that improved information on alternative sources of imports should, by the mid-1990s, lead to an overall improvement in the utilization of developing country resources, and constitute at the same time a powerful tool in promoting trade among developing countries.

24. ITC launched in the mid-1980s a result-oriented programme strategy at the enterprise level, aiming at accelerating export growth at that level in developing countries. By the late 1980s a significant part of the ITC overall programme was being devoted at the request of co-operating governments to the implementation of that strategy. Today, individual enterprises producing products with good export prospects benefit from multi-year packages of technical assistance in export management, market and product development. The performance of such projects is assessed mainly in terms of additional export earnings generated by the enterprises as a result of project support.

25. ITC will continue to monitor and evaluate its subprogrammes and projects as described in its *Manual on Programming, Project Design, Monitoring and Evaluation* in order to ensure effective feedback and benefit from the lessons learned in programming and project formulation.

(c) Priorities of the MTP

26. The priorities set forth in this document reflect the anticipated priorities of developing countries as perceived by ITC on the basis of its experience of co-operation with these countries over more than two-and-a-half decades as well as from its research on future trends in the international market place. The priorities spelled out here are in the nature of flexible guidelines for both ITC's future work and for the developing countries' own assessment of their needs and prospects. Consequently, their validity and relevance will need to be continually monitored and revised in the light of international developments and future requests for assistance from developing countries.

27. ITC expects its delivery of technical co-operation to range between $64 million and $74 million by 1997, the last year of the MTP period. This will more than double the level attained in 1989 and assumes a growth rate of 10 to 12 per cent yearly between 1990 and 1997.

28. Major changes are not expected to take place in the shares of subprogrammes in the total programme. Subprogrammes 2, 3 and 1 will remain the largest subprogrammes. Training activities under both subprogramme 5 (Human resource development for trade) and other subprogrammes should expand considerably. The main priority shifts will take place within each subprogramme rather than in the composition of the overall programme. The expected changes in the internal priority structure of each subprogramme are explained in the strategy sections of the subprogrammes in Part II of the MTP.

29. The MTP takes into account the changes in the expected pattern of demand on the international market place for the export products of developing countries. The bulk of exports of developing countries will continue to be commodities and agro- and resource-based products. World demand for marine products, fresh fruits and vegetables, processed food, forestry products, leather products and garments are expected to remain strong. However, certain new products will emerge as being of major interest to developing countries, particularly the more advanced and industrialized ones. Exports of engineering and high technology products including consumer electronics and components, electronic data processing equipment and software, as well as exports of services, especially of engineering consultancy services, are likely to offer new opportunities to some developing countries owing to the expected rapid expansion of the international market and the gradual shift of production towards certain developing countries in the 1990s. In response to such demand conditions on world markets, ITC expects increasing requests for technical assistance in these groups of products.

30. There is no doubt that Western Europe, North America and Japan will continue to be the main markets for developing countries and that the Middle East will retain its importance as a market. However, the 1990s will see the emergence of new markets; other East and South-East Asian countries as well as Eastern Europe will become more significant markets for developing countries; and the recent trend for increased South-South trade is likely to accelerate during the period. These imply that ITC will have to expand and deepen its knowledge of, and its information base on, these dynamic new markets. That being said, many developing countries, particularly the African countries south of the Sahara, will also need considerably more assistance to gain access to developed country markets in the light of more exacting product requirements, rules and regulations. ITC will assign a very high priority to supporting these countries in order at least partly to offset such constraints.

31. In addition, in the light of likely global developments and as a result of the developing countries' particular development dynamics, ITC expects these countries to assign particularly high priority to technical co-operation with ITC in the following areas:

- **Support to economic policy reforms for structural adjustment.** These reforms will result in increased demands for assistance from ITC, particularly under subprogrammes 1 and 2 and under some elements of subprogramme 3 such as export finance, export project development, export quality management and joint ventures. These requests will entail the reorientation and realignment of the internal priorities of the subprogrammes concerned.

- **Support to export business development.** This development is likely to be a distinguishing feature of the MTP period as a result of deregulation, easing of government controls, liberalization, privatization and increased market and export orientation in many developing countries. Correspondingly, ITC will enhance its technical capability in such key areas as support to business organizations, joint ventures, import operations and techniques, and human resource development, especially for the business sector. Technical assistance direct to enterprises, particularly to export-oriented private enterprises, will be a matter of priority in the MTP.

- **Development of export capacity.** This will be essential for long-term sustainability of export orientation and structural adjustment. ITC therefore anticipates a considerable increase in demand for its services in the expansion, diversification and improvement of the supply base for export. In more concrete terms, this will entail an increase in the importance of subprogrammes and elements directly related to production for export such as export project development, export-oriented joint ventures, exports of SMEs, and product development and adaptation (post-harvest handling, product design, packaging, quality management). ITC's technical capability in these areas will therefore have to be strengthened during the 1990s.

- **Human resource development.** This will have to be assigned a very high priority as changing priorities and new opportunities in the 1990s require the development of corresponding new skills in all aspects of trade promotion. ITC will therefore reinforce the quantity as well as the quality of its training services, especially as regards training of trainers and support to training institutions in the light of the perceived needs of developing countries.

- **Support to LDCs.** This will be given a high priority in the MTP in line with the United Nations system's concern with the particularly difficult situation in which these countries find themselves. As a result, it is anticipated that technical co-operation with LDCs through national, regional and interregional projects, including the ITC special programme for LDCs, will be considerably expanded.

(d) Organizational structure, co-ordination and review

32. Within **Programme 15, International Trade,** ITC is responsible for the development and implementation of the eight subprogrammes described earlier. In addition to strengthening co-ordination among its eight subprogrammes, ITC will give particular importance to co-ordination and co-operation with agencies having complementary mandates. Specific aspects of this co-ordination are indicated in the description given below of the strategy for each subprogramme.

Part II

Subprogramme 1. INSTITUTIONAL INFRASTRUCTURE FOR TRADE PROMOTION AND EXPORT DEVELOPMENT AT THE NATIONAL LEVEL

(a) Legislative authority

33. The legislative authority for this subprogramme is General Assembly Resolution 41/203, paragraph 1, adopting revisions to the Medium-Term Plan for 1984-1989 as contained in document A/41/6. The text of the revised ITC section in the United Nations Medium-Term Plan 1984-1989 (ITC/AG(XIX)/101) was reviewed by the Joint Advisory Group at its nineteenth session. The report of this session was noted by the GATT Council at its meeting in June 1986 and adopted by the Trade and Development Board at its thirty-third session in September 1986.

(b) Objectives

34. The objectives of the subprogramme will be the creation of a favourable environment for export promotion and development; improvement of the institutional infrastructure as a whole and increased co-ordination and closer working relationships among trade promotion institutions on the one hand and between promotional bodies and the business community on the other; strengthened government capacity for formulating, implementing, monitoring and evaluating appropriate national trade promotion strategies and programmes; improvement of the organizational structure and basic staffing of trade promotion organizations and other relevant agencies including business community institutions, and of their ability to conceive, formulate and implement effective trade development and promotion programmes; enhancement of the knowledge and skills of individuals in the public and business sectors in such areas as improved marketing techniques and mechanisms and other aspects of the management of export promotion and development activities.

(c) Strategy for the achievement of the subprogramme's objectives

35. **Improved export climate.** ITC will seek a clear and firm commitment by governments to the objective of developing an economic environment and an institutional framework more favourable to trade promotion and development. In the design and implementation of major integrated trade promotion programmes, greater emphasis will be placed on the development of the institutional infrastructure as early as possible during project implementation. The required inputs for this purpose will be provided at the project's initial stage. The early improvement of the overall institutional set-up will facilitate the implementation of subsequent project activities. Given the long-term nature of the institutional development process, the required assistance will be provided through a series of advisory and consultancy missions and through high-level symposia and seminars with the participation of decision-makers. This should lead to the formulation of better trade policies and export strategies, and should also contribute to deeper understanding of the issues involved and recommendations made, and thus facilitate action by government and other authorities. Although the subprogramme will not provide direct assistance on matters such as the reform of foreign trade policies, which fall within the field of competence

of bodies such as UNCTAD and the World Bank, it will establish close links between policy aspects and institutional development. In this regard, closer contact will be maintained with the relevant planning authorities so as to induce their involvement in export promotion and development. For each country to be assisted, the initial step will be to carry out a careful analysis of the instruments and institutional set-up for foreign trade management, responsibilities assigned to each institution and their actual functions, adequacy and stability of their human and financial resources, formal or informal co-ordination mechanisms, and links maintained between institutions. In all instances, adequate consideration will be given to local conditions and to the varied degrees of development of individual institutions. Attention will be given to the need for the development and efficient utilization of specialized support services and the institutions providing such services. Recommendations (with a detailed programme and schedule of implementation) will be formulated to streamline the public administrative structure through better defined and co-ordinated individual institutional responsibilities, taking into consideration specific conditions in, and the limitations of, each country. Assistance will be given to the establishment or reinforcement of interinstitutional co-ordination mechanisms; this will include the formulation of recommendations on the nature and role of such mechanisms as well as the technical co-operation inputs required for the implementation of the recommendations. The assistance will also aim at bringing about an awareness of the ways in which all entities can contribute to the success of the export promotion and development programmes under implementation.

36. **Institutional arrangements and strengthening of trade promotion organizations (TPOs).** Technical co-operation will be given to strengthen or improve existing promotional bodies. Aims will be to: assist in the clarification of their role and position within the promotional infrastructure, and in the improvement of their legal status to provide them with the autonomy and flexibility required to carry out their functions effectively; encourage the creation, when needed, of boards of directors representative of the business community; improve the TPOs' internal organizational and operational structure and procedures; ensure the availability of an adequate mechanism for commercial representation abroad (given the scope of this particular task, the corresponding strategies are detailed in a separate section of the MTP); encourage TPOs to play a more active role in export development for the diversification of products and markets and to focus on export products and markets offering a significant potential for growth; assist in the preparation of annual work programmes which should serve as the basis for allocating the human and financial resources at the disposal of the organizations concerned; provide guidelines for planning and the periodic evaluation of export promotion and development programmes; assist in the elimination of the regulatory, control and administrative functions that tend to lower the efficiency and effectiveness of TPOs; help in the creation of export promotion bodies in countries needing such institutions; guide TPOs towards playing a catalytic role in the establishment of production facilities, such as joint ventures and other arrangements, and of marketing mechanisms such as export consortia, co-operatives, export houses, trading companies and/or marketing boards catering to the needs of small and medium-sized producers with significant export potential.

37. **Closer relationships with the business community.** The subprogramme will focus on: encouraging government officials to establish closer relationships with the business community and to adapt institutional services to the needs of exporters; assisting in the creation of public/private-sector boards or advisory groups that will be responsible for final decisions on the

definition and elaboration of promotional activities, leading to the active involvement of the business community in these activities.

38. **Increased knowledge of export promotion and development techniques.** Working closely with ITC units specializing in training, the subprogramme will carry out training programmes for both public and private-sector officials. The emphasis will be on specialized training in various areas of export promotion and development. Special attention will be given to the management of promotion bodies; design and launching of promotional and marketing programmes; creation and operation of joint marketing mechanisms; and ways and means of identifying the needs of the business community and of increasing its involvement in the management of promotional programmes as well as in the improvement of the general export framework. The subprogramme will carry out research to identify and document cases of successful export promotion ventures. Research will also be undertaken on the nature and characteristics of export promotion structures and on how various functions are being carried out. The subprogramme will disseminate research findings, taking into consideration the needs of, and requests from, developing countries.

Subprogramme 2. PRODUCT AND MARKET RESEARCH, DEVELOPMENT AND PROMOTION

(a) Legislative authority

39. The legislative authority for this subprogramme is General Assembly Resolution 41/203, paragraph 1, adopting the revisions to the Medium-Term Plan for the period 1984-1989 as contained in document A/41/6. The text of the revised ITC section in the United Nations Medium-Term Plan 1984-1989 (ITC/AG(XIX)/101) was reviewed by the Joint Advisory Group at its nineteenth session. The report of this session was noted by the GATT Council at its meeting in June 1986 and adopted by the Trade and Development Board at its thirty-third session in September 1986. This subprogramme is also a response to Resolution 41/182 of the General Assembly and takes account of measures proposed at the seventh session of UNCTAD (see Final Act of UNCTAD VII, chapter IIB Commodities, 3. Diversification, processing, marketing and distribution, paragraph 85).

(b) Objectives

40. The objectives of the subprogramme will be to establish and/or improve national and regional trade development services at governmental, trade association and/or enterprise levels; to create electronic data processing and telecommunications systems and applications relevant to trade information; to collect, compile and disseminate specialized information, *inter alia*, through computerized data bases; to improve capacities for analysing and monitoring changes in the international economic and trade environment and technological advances having a bearing on the export performance of, and opportunities open to, developing countries; to enhance skills in ascertaining the export supply potential of selected product sectors and to enlarge capacities for identifying promising foreign markets; to strengthen indigenous export enterprises in the private and public sectors and to assist in the creation of services capable of formulating and implementing export marketing strategies; to assist in product and market development; to

increase production and export of traditional and non-traditional products, including high-technology and value-added products and technical consultancy services; to encourage trade among developing countries; to expand contacts and joint ventures between developing country entrepreneurs and technology- and market-holders in importing countries; and to improve performance of developing country traders in establishing and managing effective chains of international physical distribution for their import and export goods.

(c) Strategy for the achievement of the subprogramme's objectives

41. The subprogramme's objectives will be pursued through its three subprogramme elements.

42. **Trade information and market intelligence.** The subprogramme element will contribute to: the generation of increased awareness of the importance of trade information and market intelligence among all those engaged in trade promotion in developing countries; elaboration of technical/methodological tools, such as compilations of sources of trade information and market intelligence and tools for processing, communications, research, analysis, data compilation, and management; establishment of a clear position for EDP and telecommunications in trade information activities; establishment of a clear notion of the usefulness of office automation and management tools, and elaboration of guidelines for the cost-effective use of these tools. Advisory services will be provided on organizational aspects; processing; equipment/materials; sources; methods of research, analysis and compilation; communications; management and use of trade information and market intelligence. Training programmes, including in-service training programmes, will be organized. The subprogramme element will further develop a solid support infrastructure, ensuring consistency and continuity of technical co-operation in trade information and in relevant EDP applications. It will seek to develop organizational and technical guidelines on various aspects of trade information and market intelligence. These aspects will include library management; an integrated approach to trade promotion, trade information, and market intelligence; methodologies for market and other researches; methodologies for information processing and dissemination, including active use of the press; and charging for services rendered. The guidelines will take into consideration the different levels of development in various countries. The subprogramme element will continue to: maintain such tools as documentation on specific aspects of trade information and market intelligence activities (e.g. the *Thesaurus of International Trade Terms, International Trade Classification, Core List of Basic Documentation for Trade Information Services*, the data base on trade promotion organizations and other foreign trade bodies); develop standardized software for EDP applications in appropriate areas; provide *ad hoc* supply information, through sectoral market surveys, short market surveys, market briefs, TRADERS data base, inquiry/reply services and consultation; provide regular information, such as up-to-date information on prices through the Market News Service, and foreign trade statistical data through the Import Tabulation System; increase co-ordination with the United Nations system, import promotion offices, trade promotion organizations and other foreign trade bodies for the purpose of maintaining an efficient collection/dissemination network.

43. **Product and market development and promotion.** The implementation strategy for this subprogramme element will cover the following: inclusion of an assessment of the potential for export earnings and for generating socio-economic benefits as a criterion for the selection of products/services for technical co-operation/assistance; continuing or expanding provision of

product and market information in the light of the changing world supply and demand situation and technological developments; provision of concentrated and sustained technical assistance over three- to five-year periods on selected products and consultancy services to obtain an enduring impact and create self-reliance in producing/exporting enterprises; further development of integrated technical assistance packages entailing closer collaboration with other United Nations agencies to take into account expanded demand for enterprise-oriented technical assistance at an increasingly multi-disciplinary level; development and promotion of South-South trade; development of skills in all areas of product and market development, particularly through on-the-job training; strengthening and expansion of in-house ITC capabilities, *inter alia*, through extensive use of modern technologies for collecting, storing, retrieving and disseminating information, extending contacts with trade, industry and research organizations, and increasing access to data bases. In the light of the above, the subprogramme, focusing on areas of specific interest to developing countries, will: carry out research on a continuous basis on products/services of immediate and potential interest to developing countries; develop data bases on specific products; prepare research studies on various products/services/markets for general distribution; provide regular price and market data on a selection of products; disseminate research findings through seminars at the national and subregional levels; follow up trade opportunities revealed at the national and enterprise levels; provide assistance in product/market development, physical distribution, and promotion through advisory missions, and undertake extended follow-up activities in order to ensure that the impact of this assistance is not dissipated; increase on-the-job training for executives of counterpart organizations and enterprises; and co-ordinate efforts with other United Nations agencies, other national and international organizations even more systematically than in the past.

44. **International physical distribution (IPD) for exports and imports.** In the light of the global nature of the IPD system, its evolution in the 1980s, and problems identified, the subprogramme element will pursue a strategy aiming at: wide dissemination of information on the IPD system; enhancement of managerial skills at all levels in developing countries, increasing the price competitiveness of export and import products; making available training materials and methodologies; carrying out training activities on modern techniques at the national, subregional and regional levels and holding conferences on the subject; increasing co-ordination with the different international organizations dealing with IPD aspects (these would include intergovernmental institutions such as OCTI, UNCTAD's Shipping Division/FALPRO, ICAO, UNCITRAL and ISO, as well as non-governmental institutions such as UIC, IRU, ICS, BIMCO, IATA, BIC, ICHCA, UNIDROIT, IUMI and ICC). Technical co-operation activities will include: programming missions for the assessment of the IPD situation and formulation of project proposals; preparation of tailor-made programmes for global and integrated assistance on IPD when requested by governments of developing countries; implementation of IPD-oriented comparative studies on selected export or import products; strengthening of the guilds of IPD users; development of subregional, regional and interregional projects on IPD; training programmes on IPD for entrepreneurial staff at home and abroad; dissemination of managerial information on IPD through written and audiovisual materials and lectures and symposia in developing countries.

Subprogramme 3. SPECIALIZED NATIONAL TRADE PROMOTION SERVICES

(a) Legislative authority

45. The legislative authority for this subprogramme is General Assembly Resolution 41/203, paragraph 1, adopting the revisions to the Medium-Term Plan for the period 1984-1989 as contained in document A/41/6. The text of the revised ITC section in the United Nations Medium-Term Plan 1984-1989 (ITC/AG(XIX)/101) was reviewed by the Joint Advisory Group at its nineteenth session. The report of this session was noted by the GATT Council at its meeting in June 1986 and adopted by the Trade and Development Board at its thirty-third session in September 1986.

(b) Objectives

46. The objective of this subprogramme is: the improvement of the administrative and technical skills of institutions carrying out support functions in the following areas of trade promotion and development: export packaging; export finance services; export project development, and costing and pricing for export; trade promotion communications; national commercial representation abroad; export-oriented joint ventures; export quality control; exports of small and medium-sized enterprises; and legal aspects of international trade.

47. **Export packaging.** The objectives of this subprogramme element will be to create awareness among TPOs and exporters of the importance of adapting packaging to the requirements of target markets; to enable focal packaging institutions in developing countries to assist exporters in export packaging development; to enhance the knowledge of personnel of packing institutions and enterprises of the packaging required to sell successfully on export markets. The strategy for pursuing the above objectives will require the following: development and publication in local newspapers and technical and economic journals of case studies demonstrating situations before and after packaging improvements; promotion of the value-added concept; introduction of bar-coding as appropriate; discussions with relevant authorities of constraints to importing essential packaging materials; and encouragement of South-South trade in packaging and packaging equipment. Focal packaging institutions, with levels of sophistication varying with local requirements, will be established or supported. In addition, chambers of commerce, standards organizations and other scientific or technical bodies will be assisted in packaging matters; packaging associations will be encouraged. In-depth training will be given on specialized subjects, such as graphic design and packaging of particular products; trainers will be trained both at home and abroad and local training courses in packaging will be established on a permanent basis; standard training materials that can be adapted to local conditions will be produced; a distance learning scheme will be developed and tested. ITC's collection of packaging information and data bases will be further developed and made available to more field stations. Direct assistance will be given to enterprises, especially within the framework of integrated ITC projects at the enterprise level; 10,000 to 15,000 firms will receive packaging information from ITC through targeted mailing; packaging design clinics will be organized for design and marketing staff of export enterprises.

48. **Export finance services.** The objectives of this subprogramme element will be: to mobilize national banking systems under the leadership of the central banks to play an active role

in national export development; to inform TPOs, financial institutions, business sector organizations, exporters and importers in developing countries about effective export and import finance mechanisms and support services; to establish or strengthen facilities, institutions and support services dealing with national export finance, export credit insurance and export credit guarantee; to upgrade the knowledge and skills of officials in financial institutions in handling term finance for export projects and rehabilitation of ailing projects. Strategy: Working in close co-operation with the World Bank, central banks, regional development banks, USAID, UNDP and UNIDO, ITC will study existing import/export credit, credit guarantee and credit insurance facilities and recommend improvements or the introduction of systems where they do not exist. Schemes not functioning effectively may require organizational restructuring. The provision of export credits and the rehabilitation of sick enterprises may require the establishment of specialized departments in central banks or other organizations. If found desirable, revolving foreign-exchange funds may be set up. Handbooks and monographs on operational policies and procedures related to import-export financing will be published. Priority will be given to countries where the policy base and the economic environment favour export development.

49. **Export project development, and export costing and pricing.** The objectives of this subprogramme element will be to: upgrade knowledge among exporting enterprises of the principles of management, cost accounting and pricing as applied to export products; increase professional knowledge among exporters, investors, export development institutions and development finance institutions to enable them to identify, formulate and appraise export projects, from the initial project idea to the full feasibility study; assist potential investors to identify optimal sources of financing for export projects; enable exporters and lending institutions to monitor the financial profitability of export projects; improve the ability of business training institutions in developing countries to provide professional training in all the above areas. Strategy: In co-operation with other ITC subprogrammes, this subprogramme element will assist export development and finance institutions to improve the data available for export opportunity and feasibility studies; provide these institutions assistance in the use of international data bases; and develop their expertise in the methodology for identifying, monitoring and appraising export projects. The subprogramme element will help to expand the capacity of national, subregional and regional business training institutions to impart training in management, cost accounting, and pricing strategies as applied to export products, and in the methodology for identifying, formulating and developing export projects; this will be undertaken in co-ordination with other international organizations, such as the World Bank, UNIDO and ILO, as appropriate. ITC activities will include the production of training materials (guides, workbooks, monographs, case studies) covering financial analysis of export projects, sources of funding and optimal capital structures, and the cost of capital. Computer software will be developed to assist enterprises in export management accounting, adoption of optimal pricing strategies, export market assessment, and financial and economic appraisal of export projects. Training institutions will be shown how to integrate this software into their training courses.

50. **Trade promotion communications.** The objectives of this subprogramme element will be to: make trade policy-makers and TPOs aware of the importance of effective trade promotion communications and enable them to plan and evaluate communications activities efficiently; improve institutional structures for trade promotion communications, and ensure that these institutions are staffed by personnel with adequate professional knowledge; provide communications practitioners with adequate professional skills; enable enterprises to use

effective and appropriate techniques in support of export marketing activities. Strategy: Assistance will be directed at both the working and higher management levels of TPOs, their supervisory bodies, and private enterprises. Counterpart organizations will be selected on the basis of their needs and their receptivity to proposed changes. The subprogramme element will concentrate on a small number of countries and will be directed at a range of, rather than individual, communications activities. Programmes will be of sufficient duration to permit problem analysis, provision of assistance in establishing basic policy, group training, individualized training, and follow-up. To support advisory and training activities, research will be carried out in practical areas of communications. A data bank on trade fairs, selected for their relevance to developing countries, will be established; this will contain qualitative and detailed descriptive data not available in existing information sources. Assistance will be given in the establishment or improvement of exhibition grounds and halls in developing countries and in the development and management of export-oriented national and regional fairs, such as export support fairs.

51. **National commercial representation abroad.** The objectives of the subprogramme element will be to enhance understanding at senior policy levels of government of the role of commercial representation services in export development; to enable trade development institutions to manage and to make their commercial representation services cost-effective; to improve the skills of commercial representatives and headquarters personnel in operating and guiding commercial representation services. Strategy: Advisory missions will recommend improvements in the organization of commercial representation services, and commitments to these improvements will be sought from the relevant agencies at senior policy levels. Attention will be given to: the development of integrated trade promotion strategies; market development; annual work programming systems; office management; commercial intelligence systems; communications with headquarters and the business community; and support to operational activities, such as participation in fairs and missions, trade publicity, handling of business inquiries and commercial arbitration. Professional development will be enhanced through workshops tailored to national needs, focusing on organizational issues, operational and technical matters and problems on particular markets. Published materials, including the ITC training pack for commercial representatives, will be provided for training purposes; in-service training opportunities will be identified; co-ordination will be sought with industrialized countries offering similar training courses; and efforts will be made to train diplomats with commercial responsibilities. Research will be undertaken into successful models of commercial representation services, cost-effective alternatives to traditional methods, and the implications for promotional techniques of evolving conditions on world markets.

52. **Export-oriented joint ventures.** The objectives of this subprogramme element will be: to create a favourable environment for the promotion of export-oriented joint ventures between SMEs in developing countries and suitable firms abroad; to enable export development institutions to make the promotion of joint ventures an integral part of their activities; to enhance the skills of individuals in the public and private sectors in the techniques of bringing together suitable partners; to extend operational joint-venture agreements between partner firms. Strategy: Programme coverage will be expanded along the lines established to more countries in all geographical regions. Joint-venture partners will be sought in a larger number of developed countries as well as in other developing countries, thus encouraging South-South partnerships. Mechanisms to facilitate identification of potential partners will be strengthened; these will

include the establishment of ITC offices in suitable centres. ITC's central data base of potential partners and promotional institutions will be further developed. Research will be carried out on successful mechanisms for promoting joint ventures. Research findings will be disseminated through seminars to improve the overall climate for export-oriented joint ventures and to strengthen the capabilities of national and business organizations for supporting such activities. Co-operation with other international organizations, particularly UNIDO, will be reinforced.

53. **Export quality control.** The objectives of this subprogramme element will be: to encourage the development of appropriate policies, legislation, organizational structures, and services at national, institutional and enterprise levels in order to ensure adherence to quality management practices meeting customer requirements in importing countries as well as conformity with international health, safety and environmental protection regulations; to upgrade the quality of export products; to harmonize export quality control and standardization services at subregional, regional and interregional levels. Strategy: The objectives will be attained through advisory and training activities leading to the establishment or improvement of quality control systems at national, institutional and enterprise levels. The activities will cover manufacturers' quality-control systems; legislation; institutions responsible for standardization, metrology, inspection, testing and certification; and technical regulations on products, packages and processes affecting health, safety, environmental protection, and energy consumption. The activities will involve public and private institutions responsible for setting standards or for testing and inspecting exported products. The work may require large integrated projects calling for the use of specialized consultants, training, and provision of documentation and testing equipment. Information services will be provided to ensure that exporters have valid, up-to-date information on quality requirements in importing countries, including information on the increasingly important environmental aspects. To achieve this, ITC will co-operate with ISO, CEC, UNEP and OECD, and make use of computerized data-handling methods. A specialized bulletin on quality control matters will continue to be published. Training packs, video-cassettes and other audio-visual materials will be published and ITC will co-operate closely with specialized organizations, both within and outside the United Nations system.

54. **Exports of small and medium-sized enterprises.** The objectives of this subprogramme element will be: to contribute to the creation of a favourable environment for the promotion of SME exports; to equip individuals in the public and business sectors with the knowledge and skills required for promoting SME exports; to encourage a large number of SMEs to participate in export activities; to create efficient marketing channels, such as export houses and joint export marketing consortia. Strategy: The subprogramme element will create awareness of the potential for expanded SME exports and help introduce policies and mechanisms to realize that potential. Institutional capacity for providing export assistance to SMEs will be strengthened through the application of successfully tested methodologies. Help will be given to eliminate constraints that inhibit SMEs from playing a larger role in the export process. Particular attention will be given to handicrafts and cottage industries producing such items as gifts, household items, furnishings and floor coverings; assistance will be provided simultaneously at several organizational levels. Information will be disseminated on successful export houses and export consortia; assistance in the establishment of similar bodies will be provided. Particular attention will be directed to the institution of information mechanisms meeting SME needs in regard to raw-material purchases, production processes, export marketing and export finance.

55. **Legal aspects of international trade.** The objectives of the subprogramme element will be: to contribute to the creation of centres of legal information on international trade in developing countries; to develop up-to-date national legal instruments conforming with international requirements and facilitating exploitation of world markets by the business communities of developing countries; to create a corps of specialists in developing countries fully knowledgeable about the evolving legal requirements of international trade; to introduce the legal aspects of international trade into the curricula of business training institutions and to train instructors on this subject. Strategy: Information centres covering the rights and obligations of traders on the principal world markets will be created and made accessible to public and private-sector personnel in developing countries. Government bodies (ministries of justice, trade, planning, and central banks) will be assisted in modifying their legal instruments to conform to new rules of international trade. Legal advisers and lawyers will be trained in international trade law to enable them to advise public bodies and business organizations and become instructors in business training institutions. These institutions will be assisted in integrating courses on international trade laws into their permanent curricula; appropriate training materials will be provided for this purpose. To enable enterprises to benefit directly from the programme, legal advisory cells will be established in chambers of commerce and similar bodies serving the business sector.

Subprogramme 4. COMMODITY TRADE, DEVELOPMENT AND PROMOTION

(a) Legislative authority

56. The legislative authority for this subprogramme is General Assembly Resolution 41/203, paragraph 1, adopting the revisions to the Medium-Term Plan for the period 1984-1989 as contained in document A/41/6. The text of the revised ITC section in the United Nations Medium-Term Plan 1984-1989 (ITC/AG(XIX/101) was reviewed by the Joint Advisory Group at its nineteenth session. The report of this session was noted by the GATT Council at its meeting in June 1986 and adopted by the Trade and Development Board at its thirty-third session in September 1986. This subprogramme also responds to Resolution 41/182 of the General Assembly and takes account of UNCTAD Resolution 158(VI), "Strengthening of the International Trade Centre UNCTAD/GATT, particularly in relation to commodities" (which called on ITC to support the implementation of the UNCTAD Integrated Programme for Commodities (IPC) through market research, development and promotion) and of measures proposed at the seventh session of UNCTAD (see Final Act of UNCTAD VII, chapter IIB Commodities, 3. Diversification, processing, marketing and distribution, paragraph 85).

(b) Objectives

57. The subprogramme's objectives will be: to expand participation of developing countries in commodity diversification, processing, marketing and distribution, with a view to increasing economic activities in these countries, improving utilization of natural resources and obtaining higher returns on commodity exports; to develop effective marketing and distribution systems; to

improve trade information systems; and to increase the knowledge and skills of developing country personnel in commodity processing and trading.

(c) Strategy for the achievement of the subprogramme's objectives

58. In order to achieve the above-mentioned objectives, the subprogramme will continue to combine several or all of the following elements: identification of export openings; formulation of strategies for market entry; generic promotion campaigns; supply and demand link-ups; adaptation or development of new export products; provision of trade information services; provision of specialized trade services on export packaging, export finance, export costing and pricing, trade fairs and commercial publicity, export quality control and the legal aspects of foreign trade; and human resource development.

59. In view of the increasing importance of developing countries as markets for commodity exports of other developing countries, the subprogramme will aim at strengthening co-operation between commodity exporting and importing developing countries, *inter alia*, through ECDC and TCDC. Special efforts will be made to promote commodity exports of LDCs. Particular attention will also be paid to supporting the export marketing activities of smaller commodity exporting developing countries and developing countries heavily dependent on export earnings from one or two commodities.

60. Most of ITC's technical co-operation activities in commodities will be commodity-specific. However, work on cross-commodity issues such as the operation of commodity exchanges (in particular the functioning of futures markets and the development of training materials on commodity trading), export financing for commodities, and strengthening of commodity boards will be given due attention.

61. In the light of the above, the subprogramme will focus on the activities itemized below. **Product and market development:** supply and demand studies, product development and adaptation, export marketing; identification of alternative products; studies of the economic feasibility of more advanced levels of processing. **Export marketing and distribution**: studies of export marketing and distribution channels; provision of technical advice and training to improve the organization, management, and financial operations of these channels. **Research and development**: *inter alia* on quality enhancement, improvement of processing methods, development of new end-uses for commodities and their by-products; assessment of the market potential of commodities and by-products, their competitiveness and their advantages or disadvantages vis-à-vis substitutes; study of the changing consumption patterns for selected processed commodities (e.g. beverages); and assessment of the impact of new technologies. **Market promotion**: formulation, planning and implementation of generic promotion programmes and strategies for selected commodities; assistance in the establishment of international commodity promotion bodies and assistance to such bodies in the formulation and implementation of generic market promotion programmes. **Commodity trading**: preparation of technical papers and handbooks, including trader's guides, on major issues of the world trade in selected commodities; review, for specific commodities, of national trading capacities and practices with regard to international markets; studies of the preconditions and requirements for establishing auctions and commodity exchanges in exporting developing countries; provision of advice. **Trade information systems**: preparation of technical papers on communications and

information flows; provision of current price and other market information; assistance in the establishment of commodity-specific trade information services. **Diversification:** market research on selected unprocessed commodities to ascertain whether apparent permanent weaknesses in their trade position can be remedied by market promotion or by diversification. If the latter, identification of measures to be undertaken, i.e. new economic activities (horizontal diversification) or other levels of processing (vertical diversification). Establishment of the justification for diversification and of the economic feasibility of the alternative options; preparation of technical papers on the main issues of vertical and horizontal diversification for use in selected human resource development activities. **Human resource development:** upgrading skills in both the public and private sectors in developing countries. This is probably the most strategic component of ITC's commodity-related technical co-operation activities. The aim is to impart skills that can be instantly utilized by the government officials concerned and by the commodity-processing and trading community in the co-operating developing countries. Here the emphasis will increasingly be on in-service training of personnel from developing countries with major commodity traders and processors on the main target markets.

62. The above activities will be carried out in co-operation with the relevant international organizations (UNCTAD, GATT, FAO and UNIDO) and international commodity bodies.

Subprogramme 5 HUMAN RESOURCE DEVELOPMENT FOR TRADE PROMOTION

(a) Legislative authority

63. The legislative authority for this subprogramme is General Assembly Resolution 41/203, paragraph 1, adopting the revisions to the Medium-Term Plan for the period 1984-1989 as contained in document A/41/6. The text of the revised ITC section in the United Nations Medium-Term Plan 1984-1989 (ITC/AG(XIX)/101) was reviewed by the Joint Advisory Group at its nineteenth session. The report of this session was noted by the GATT Council at its meeting in June 1986 and adopted by the Trade and Development Board at its thirty-third session in September 1986.

(b) Objectives

64. The overall long-term objective of the subprogramme is to contribute to the development of an adequate supply of personnel qualified in trade promotion and export development.

(c) Strategy for the achievement of the subprogramme's objectives

65. The strategy will be based on a complete integration of three priority areas of action and a mutual reinforcement among these. The key elements of the strategy for each of the three areas are detailed below. **Strengthening of training institutions:** contributing to the identification and updating of training needs and capacities on a continuous basis and to the development of appropriate training strategies at the national and subregional levels; strengthening of existing national and subregional training institutions both in conventional fields, such as training of

trainers, curriculum development, training materials development, and in new priority areas particularly in managerial aspects and in networking with similar institutions in both developing and industrialized countries, fostering the development of links among training institutions; supporting initiatives for the establishment of specialized institutions when training institutions with a development capacity do not exist. **Training research and development:** developing specialized training materials, adapting and updating existing materials, and introducing improved training technologies; developing training programmes in new technical and functional areas, the priorities being entrepreneurial skills for export, negotiation techniques, cross-cultural communications skills and strategic planning for export; formulating a training strategy and an action programme for promoting the involvement of women in the trade development process; setting up an information centre for developing countries on world-wide training facilities in trade promotion and export development. **Direct training:** this will be undertaken whenever possible in co-operation with national and subregional training institutions in developing countries; on-the-job training facilitating the transfer of training technology will also be undertaken. Direct training activities will aim at: upgrading trade promotion and export marketing skills of key personnel in trade-related entities; establishing a course on effective trade promotion and international marketing for trade promotion officials at ITC headquarters; implementing non-traditional training events in new subject areas in trade promotion and export development; increasing the number of qualified personnel capable of contributing in the immediate term to the export development efforts of their countries through specialized seminars and long-term courses for exporters.

Subprogramme 6. IMPORT OPERATIONS AND TECHNIQUES

(a) Legislative authority

66. The legislative authority for this subprogramme is General Assembly Resolution 41/203, paragraph 1, adopting the revisions to the Medium-Term Plan for the period 1984-1989 as contained in document A/41/6. The text of the revised ITC section in the United Nations Medium-Term Plan 1984-1989 (ITC/AG(XIX)/101) was reviewed by the Joint Advisory Group at its nineteenth session. The report of this session was noted by the GATT Council at its meeting in June 1986 and adopted by the Trade and Development Board at its thirty-third session in September 1986.

(b) Objectives

67. The objectives of the subprogramme are: to improve management approaches, methods and practices relating to procurement, materials management, logistics and other elements of the import process, reducing import costs and enhancing the utilization value of imported goods; to increase knowledge and skills of managers and staff responsible for import-related activities at all levels; to improve access to, and use of, information required for import decision-making and operations; further to rationalize and streamline import procedures and facilitate the process of import liberalization where applicable; to increase co-operation among developing countries in the sharing of know-how, information and services on import operations and techniques; and to contribute to the sourcing of imported goods from other developing countries.

(c) Strategy for the achievement of the subprogramme's objectives

68. The priority target countries for assistance in import management will be the LDCs. National import projects will tend to be comprehensive; where projects of this type do not exist, import components will be built into integrated trade development projects. Symposia will be organized to increase awareness of the need to improve import management, to promote discussion of import issues, and to stimulate commitment to project implementation. Provision of advisory/consultancy services and training will constitute the main forms of assistance. Close working links will be maintained with the World Bank, UNCTAD, GATT, UNIDO, ILO, ISO, WHO and other organizations playing an important role in regard to the import trade of developing countries. The subprogramme will be implemented in the areas of action detailed below. **Import management**: strengthening the technical capabilities of business associations, technical support services and consultancy institutions in developing countries able to provide assistance to importing organizations and enterprises on a continuing basis; where relevant, giving particular attention to imports of goods required for export production; assisting selected importing organizations and enterprises in the adoption of improved import management approaches, methods and practices; promoting the joint purchase and/or transport of imported materials by business enterprises particularly in industries facing sharp competition on international markets; working with specialized organizations concerned with technological developments to promote a better understanding of the impact of these developments on imports of developing countries and to strengthen the links between commercial and technical considerations in import management decision-making; and, co-operation towards the adoption of procurement specifications based on international, regional and national standards. **Import training**: organizing national, regional and interregional training programmes, including programmes for local trainers, on-the-job training for local import managers (emphasizing training at sectoral levels), and national-level distance-learning programmes in procurement and materials management where feasible; building up national capabilities for long-term import training by strengthening selected import training institutions, setting up import training programmes and curricula (including programmes for the training of trainers), and producing training materials adapted to local requirements; continuing research and development on training and technical materials, particularly those emphasizing problem-solving approaches to import management. **Import information and computer application**: building up in-house import management information and intelligence units in public and private sector importing organizations and enterprises; developing the capabilities of business associations for providing import-related information services to the business community; providing government bodies with the required information to help them carry out their functions of planning, monitoring and overseeing imports, and helping to build up developing countries' national information bases relevant to imports; operating an import intelligence service from ITC headquarters providing market information to importing organizations in developing countries on priority products; development and utilization of microcomputer software applicable to import management in developing countries. **Import procedures**: assisting where required in streamlining and rationalizing import procedures to reduce delays and costs, and to facilitate the evolution of liberalized import regimes in developing countries. **Import co-operation among developing countries**: help to establish mechanisms aiming at promoting an exchange of know-how, information and services relating to import management among developing countries. These mechanisms will include shared facilities, specialized workshops, and information clearing houses and exchange networks. Particular efforts will be made to disseminate information

obtained by ITC on export capabilities in developing countries in order to promote sourcing from competitive suppliers in the developing world. Special attention will also be given to the most effective approaches to, and methods for, importing successfully from other developing countries.

Subprogramme 7. SPECIAL PROGRAMME OF TECHNICAL CO-OPERATION WITH THE LEAST DEVELOPED COUNTRIES

(a) Legislative authority

69. The legislative authority for this subprogramme is General Assembly Resolution 41/203, paragraph 1, adopting the revisions to the Medium-Term Plan for the period 1984-1989 as contained in document A/41/6. The text of the revised ITC section in the United Nations Medium-Term Plan 1984-1989 (ITC/AG(XIX)/101) was reviewed by the Joint Advisory Group at its nineteenth session. The report of this session was noted by the GATT Council at its meeting in June 1986 and adopted by the Trade and Development Board at its thirty-third session in September 1986. The subprogramme takes account of measures proposed at the seventh session of UNCTAD (see Final Act of UNCTAD VII, chapter IID, paragraph 150).

(b) Objectives

70. The subprogramme's objectives, catalytic in nature, will be to expand government awareness of the necessity for developing in the short term a strong export sector and for improving import programmes to increase the foreign currency available to sustain broader socio-economic growth; to accelerate the development of effective export development and trade promotion support services; to promote the expansion of the production base for export in product sectors with export potential; to improve marketing and export management skills in key export enterprises and government and business export promotion bodies.

(c) Strategies for the achievement of the subprogramme's objectives

71. Activities under the subprogramme will be implemented mainly through interregional projects in full support of, and co-ordination with, national and regional actions being implemented by ITC and other international, regional, and national government bodies. These activities will have been agreed in advance with the relevant authorities; reports on them will be submitted and discussed with authorities at appropriate decision-making levels. ITC's technical capabilities in all areas will be mobilized for the purpose of effectively supporting actions at the national level. In carrying out the above activities, full co-ordination will be maintained with GATT, UNCTAD, FAO, UNIDO, the World Bank, and other international bodies.

72. **Development of the production and institutional base for export development and trade promotion.** Strategy reports will be produced, highlighting key export development and trade promotion issues, for the purpose of fostering greater orientation towards export development and stronger institution-building efforts by governments and business communities. Technical co-operation projects calling for export development and trade promotion support at

government, business-community, and enterprise levels will be formulated, particularly in LDCs that do not yet benefit from such assistance. Interregional projects will be implemented, seeking to mobilize resources to the maximum extent possible in areas that act as the key to accelerated export growth and improved import management. Activities will be carried out with the international development community, in close liaison with planning and other LDC departments responsible for mobilizing international resources for growth; the aim will be to augment the influx of financial resources for the expansion of production for export. The activities will include action with the international business community for the promotion of joint ventures for export and other international business co-operation arrangements.

Subprogramme 8. TECHNICAL CO-OPERATION WITH CHAMBERS OF COMMERCE AND OTHER BUSINESS ORGANIZATIONS

(a) Legislative authority

73. The legislative authority for this subprogramme is General Assembly Resolution 41/203, paragraph 1, adopting the revisions to the Medium-Term Plan for the period 1984-1989 as contained in document A/41/6. The text of the revised ITC section in the United Nations Medium-Term Plan 1984-1989 (ITC/AG(XIX)/101) was reviewed by the Joint Advisory Group at its nineteenth session. The report of this session was noted by the GATT Council at its meeting in June 1986 and adopted by the Trade and Development Board at its thirty-third session in September 1986.

(b) Objectives

74. The objectives of the subprogramme are: improved organizational structure of chambers and other business organizations and of the professional skills of their staff, enabling them to upgrade and enlarge their range of services to the business community in trade promotion; closer working relationships established between chambers and other business organizations on the one hand and governmental trade promotion agencies on the other; improved co-operation among chambers in member countries, particularly in regard to efforts to promote South-South trade.

(c) Strategy for the achievement of the subprogramme's objectives

75. The strategy for this subprogramme will be in line with new policies adopted by governments of many developing countries vis-à-vis the private sector and with the initiatives taken by the Chairman of the Group of 77 in New York further to involve chambers in the promotion of South-South trade and economic co-operation. The activities of the subprogramme will thus be as described below. At the national level: organizing symposia or other events involving governments and chambers to discuss and define the role of chambers in trade promotion; technical co-operation, on government request, with individual chambers (through consultancies, training and research) with a view to providing advice on how to organize and manage services for members, in particular trade information/documentation services giving access to information on exporters, importers and selected export/import products; generating and developing export projects, including projects providing for the identification of exportable

products and potential markets; undertaking activities supporting export marketing, including export-market research and improving the export capabilities of export enterprises on such aspects as quality control, packaging, and costing and pricing; advising on participation in international trade fairs or trade missions; selecting enterprises suitable for joint-venture assistance; preparing investment plans, opportunity studies and profiles of companies selected for export-oriented joint ventures; establishing contacts in other developing or developed countries with investment promotion organizations and specialized industrial associations of appropriate firms interested in joint ventures with local enterprises; establishing and providing guidance on initial contacts between selected local enterprises and potential partners abroad. **At the subregional, regional and interregional levels**: organizing symposia or other events involving governments, their subregional or regional organizations and chambers to discuss and define the role of chambers in trade promotion, especially within the framework of efforts to involve chambers in the promotion of South-South trade and economic co-operation among developing countries; technical co-operation with organizations of chambers at the subregional and regional levels; training chamber staff with a view to imparting or improving skills necessary for organizing and managing trade promotion services for members; further research, notably on the techniques to be used by chambers and other business organizations in promoting South-South trade.

Annex

SELF-EVALUATION

Two self-evaluations have been completed:

Subprogramme 1: Institutional infrastructure for trade promotion at the national level: completed 27 January 1987

Subprogramme 6: Import operations and techniques: completed 14 July 1989.

Each required approximately three work-months to be completed by all the parties involved.

The main methodological problem encountered was the lack of funds for field research and for obtaining direct feedback from programme beneficiaries. In the case of subprogramme 1, a questionnaire was completed by ITC desk officers in charge of institution-building projects. In the case of subprogramme 6, a questionnaire was sent to ITC project officers, national counterpart officers and others in the field. The response rate was 15-20 per cent, and was biased in favour of ITC project staff, who were more conscientious in completing questionnaires than counterpart staff.

It would of course be useful if funds could be made available to permit a sample of programme beneficiaries to be interviewed in the field, or if selected beneficiaries could be called together (e.g. on a regional basis) to comment on programme activities and results, and ways of improving them.

Concerning the impact of the self-evaluation on the formulation of the new MTP, some of the new objectives of subprogramme 1 were recommendations of the self-evaluation exercise, viz., improvement of the institutional infrastructure as a whole; co-ordination and closer working relationships among trade promotion institutions and between promotional bodies and the business community; and improvement of the ability of trade promotion organizations and business community organizations to conceive, formulate and implement effective trade development and promotion programmes.

In respect of subprogramme 6, the following strategies of the new MTP were recommendations of the self-evaluation: the addition of consultancy institutions to those whose technical capabilities for providing assistance to importing organizations and enterprises should be strengthened; addition of business enterprises to those who should be assisted in the adoption of improved import management methods and practices; operation of an import intelligence service from ITC headquarters providing selected market information to importing organizations in developing countries on priority products; development of microcomputer software tools applicable to import management in developing countries; and development of import co-operation among developing countries.

In addition, independent programme evaluations are carried out each year. This is done by an outside consultant who reports direct to the JAG. Thanks to trust fund donors, funds are made available for these independent consultants to meet programme beneficiaries in the field, and to

finance a meeting of a group of experts from developing countries to discuss the evaluation findings. Both the consultant's report and the report of the group of experts are discussed in the JAG itself. Such an independent assessment is considered by the JAG to be more effective than self-evaluation and indeed is insisted upon. The following subprogramme elements have been evaluated so far: export finance, trade information services, supply and demand surveys, commercial representation, commercial publicity and trade fairs, export packaging and quality control, and export market development.